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Programme budget for the biennium 2012-2013

Proposed programme budget for the biennium 2014-2015

Limited budgetary discretion

Tenth report of the Advisory Committee on Administrative and Budgetary Questions on the proposed programme budget for the biennium 2014-2015

1. The Advisory Committee on Administrative and Budgetary Questions has considered the report of the Secretary-General on limited budgetary discretion (A/68/490). During its consideration of the report, the Committee met with representatives of the Secretary-General, who provided additional information and clarification, concluding with written responses received on 20 November 2013.

2. The Advisory Committee recalls that, in its resolution 60/246, the General Assembly recognized the need for limited discretion in budgetary implementation for the Secretary-General, within defined parameters along with clear accountability mechanisms to the Assembly for its use. Subsequently, in its resolution 60/283, the Assembly authorized the Secretary-General, on an experimental basis, a limited discretion for budgetary implementation, for the bienniums 2006-2007 and 2008-2009, to enter into commitments up to $20 million in each biennium for positions and non-post requirements for the purpose of meeting the evolving needs of the Organization in attaining its mandated programmes and activities. Any expenditures in this regard were to be offset by savings identified and attained during the course of each biennium within the authorized appropriation level (resolution 60/283, sect. III, para. 7). In addition, the authorization was to be implemented in line with nine principles outlined by the Assembly in resolution 60/283 (ibid., para. 8). The Assembly subsequently decided, in its resolutions 64/260 and 66/258, to continue these arrangements for exercising the limited discretionary authority by the Secretary-General during the bienniums 2010-2011 and 2012-2013. In his previous report on this subject (A/66/570) the Secretary-General proposed some modifications to the authority, including a proposed $10 million increase in the upper limit of the authority to bring it to $30 million for a biennium. The Committee subsequently pointed out that the biennial utilization pattern did not justify this

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increase (A/66/7/Add.18, para. 16) and the Assembly endorsed the Committee's conclusion (resolution 66/258, sect. I, para. 2).

3. In his report, the Secretary-General explains that from 2006 to 2011 the discretionary authority was used for: the avian influenza pandemic preparedness; fire safety; the enterprise resource planning system; human influenza pandemic preparedness; the extension of the appointments of ad litem judges of the United Nations Dispute Tribunal and their support staff; strengthening of the Administrative Law Section of the Office of Human Resources Management and the Office of Legal Affairs; and reconstruction and renovation of the premises of the Economic Commission for Latin America and the Caribbean (ECLAC) in Santiago following the 2010 earthquake (A/68/490, para. 15). The table below summarizes the utilization of the discretionary authority from 2006 to the present.

Utilization of the limited budgetary discretionary authority from 2006-2007 to 2012-2013

(United States dollars)

Use[a]	*2006-2007*[b,c]	*2008-2009*[d]	*2010-2011*[e]	*2012-2013*	*Total*
Avian influenza pandemic preparedness	5 283 400	–	–	–	5 283 400
Human influenza pandemic preparedness	–	8 556 100	–	–	8 556 100
Enterprise resource planning project	–	2 764 000	–	–	2 764 000
Fire safety at United Nations Headquarters	3 500 000	–	–	–	3 500 000
Strengthening of the Office of Legal Affairs	–	–	826 600	–	826 600
Dispute Tribunal	–	–	2 038 200	–	2 038 200
Strengthening of the Administrative Law Section, Office of Human Resources Management	–	–	518 900	–	518 900
Reconstruction of ECLAC premises[f]	–	–	5 522 900	–	5 522 900
Total	**8 783 400**	**11 320 100**	**8 906 600**	**–**	**29 010 100**

[a] The requirements have been funded through the utilization of savings under various programme budget sections.
[b] No use of the limited budgetary discretion was made in 2006 (see A/64/562, para. 8).
[c] See A/64/562, para. 9.
[d] See A/64/545, para. 28, and General Assembly resolution 63/262, sect. II, paras. 18-20.
[e] See A/66/578, paras. 37-45.
[f] Does not reflect insurance reimbursements of $1,785,000 that were redistributed back to releasing sections.

4. Upon enquiry, the Advisory Committee was informed that the authority was not used in the first year of the 2006-2007 biennium. In 2008-2009, it was used in both years as part of the expenditure on the pandemic preparedness. For 2010-2011, all expenditures were undertaken in the first year of the biennium, since both triggering events were in 2010. **The Committee notes that the limited budgetary discretion of $20 million has never been fully utilized.**

5. The Secretary-General also indicates that no recourse has been made to the discretionary authority during the 2012-2013 biennium and that none is expected in the final months of the biennium because of the lack of anticipated savings. He states that, in his view, this was due, in part, to the deferral of part of the recosting

requirements for posts and lower overall actual vacancy rates than budgeted for the 2012-2013 biennium (A/68/490, para. 16).

6. While the discretionary mechanism could have been used to partially fund remediation work relating to the aftermath of storm Sandy, the absence of anticipated savings for 2012-2013 and the projected magnitude of the amounts required for preventive and remediation work meant that it was not used for this purpose. The Secretary-General states, however, that the inability to use the discretionary authority in this case did not have a significant impact on programme delivery since it was possible to fund the initial work on a temporary basis from within existing allotments of the respective sections pending the additional commitment authority by the General Assembly and the receipt of insurance claim settlements (A/68/490, para. 18).

7. In his report, the Secretary-General also states that although no recourse has been made to the facility in 2012-2013, the limited budgetary discretionary mechanism had allowed him to accommodate evolving requirements in support of the Organization's priorities without the requirement to seek additional resources to meet those needs from the General Assembly (A/68/490, para. 19). The Secretary-General indicates in his report that experience has shown that the advantage of the limited budgetary discretionary authority over other mechanisms is the speed with which evolving needs of the Organization, for which other resources are not available, can be addressed (ibid., para. 21). Consequently, the Secretary-General sees merit in continuing the discretionary authority, and therefore proposes no changes to the mechanism under the terms of section III of General Assembly resolution 60/283 (ibid., para. 22).

8. In paragraph 13 of his report, the Secretary-General identifies the following criteria used to define the evolving needs of the United Nations in the context of limited budgetary discretion:

(a) The proposed activity is in support of the priorities of the Organization;

(b) The required resources are not included in currently approved budgets;

(c) The required resources cannot be accommodated from within the amount appropriated at the budget section level;

(d) The proposed activity does not lend itself to funding by other sources, including extrabudgetary resources, the contingency fund or under the provisions of unforeseen and extraordinary expenses;

(e) The requirements are of a one-time nature (specific to the current biennium). If requirements are of a continuing nature and would continue into a subsequent biennium, provision should be made for continuing costs in budgetary proposals for subsequent periods.

9. **The Advisory Committee is of the view that the above list does not adequately define those circumstances in which the use of limited budgetary discretion would be most appropriate. In this regard, the Committee recalls its prior view that clearer criteria would ensure a more consistent approach to the usage of the limited budgetary discretion (see A/66/7/Add.18, para. 15). In addition, the Committee emphasizes that the limited budgetary discretion authority must be exercised in accordance with the nine principles set out by the General Assembly in its resolution 60/283 (sect. III, para. 8).**

10. During its consideration of the report of the Secretary-General, the Advisory Committee was informed, upon enquiry, that two specific criteria have emerged over the past four bienniums for determining the use of the discretionary facility. First, the mechanism is, in the view of the Secretariat, an appropriate modality for funding requirements for unbudgeted activities that have some urgency and cannot be postponed to the next budgetary period. Consequently, responses to natural calamities and health advisories have been funded from the limited budgetary discretion. Second, the resource requirements must fall not only within the ceiling for this authority but also within the limits of anticipated or realized savings and/or underspendings across all budget sections, without affecting the delivery of the approved programme of work or organizational mandates. In this regard, the Secretary-General states in his report that the nature of activities funded from this mechanism will continue to evolve according to the changing needs and circumstances under which the Organization operates (A/68/490, para. 19).

11. Concerning the ability of the Secretary-General to identify savings or underexpenditures for the use of the limited budgetary discretion, officials of the Secretariat explained, upon request, that identifying funds from post-related costs, principally through the difference between budgeted and actual vacancy rates, was a more predictable source of potential funding than projecting savings arising from non-post objects of expenditure.

12. **The Advisory Committee has no objection to the continuation of the limited budgetary discretionary authority on an experimental basis for the utilization by the Secretary-General for the 2014-2015 biennium.**

13. **The Advisory Committee recommends that the General Assembly request the Secretary-General to provide a comprehensive report on the implementation of the experiment, which includes information on the concerns raised above, as well as those contained in the Committee's previous report on this subject, (A/65/7/Add.18), for its consideration at its seventieth session.**